APPENDIX

In the

United States Court of Appeals

For the Seventh Circuit

No. 81-1469

TECHNICON MEDICAL INFORMATION SYSTEMS CORP.,

Plaintiff-Appellee,

v.

GREEN BAY PACKAGING INC., ST. VINCENT HOSPITAL, and LEO N. CROWLEY,

Defendants-Appellants.

Appeal from the United States District Court
for the Eastern District of Wisconsin.
No. 78 C 363—Terence T. Evans, *Judge.*

ARGUED OCTOBER 26, 1981—DECIDED AUGUST 30, 1982

Before PELL and CUDAHY, *Circuit Judges,* and CAMPBELL, *Senior District Judge.**

CAMPBELL, *Senior District Judge.* This cause is before the Court on an interlocutory appeal which presents the following certified question:

> "Whether the acts of (1) affixing to certain documents a statutory notice of copyright including the prescribed year date of first publication, pursuant to the 1909 Copyright Act and the Universal

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* Senior District Judge William J. Campbell of the Northern District of Illinois is sitting by designation.

> Copyright Convention, and (2) publishing the documents, estop the party who affixed the notice and published the documents from subsequently asserting that such documents have not been generally published as represented by the copyright notice, but instead contain subject matter which is 'trade secret.'"

The plaintiff-appellee filed this suit alleging, *inter alia*, that defendants had misappropriated certain trade secrets relating to plaintiff's computer software. The plaintiff had provided computerized business office services to certain hospitals (including defendant St. Vincent Hospital) and defendant Green Bay Packaging Incorporated had contracted with plaintiff to provide data processing services for those customers. Plaintiff prepared and disseminated to its customers a System Reference Manual to enable them to properly use its computerized system. The complaint alleged that defendant St. Vincent Hospital improperly provided defendant Green Bay with the manual and that Green Bay misappropriated trade secrets contained therein.

The manual contained a proprietary legend[1] and a copyright notice: "(c) Technicon Medical Information Systems Corp. 1974." Defendants contend that by placing the copyright notice in the manual, the plaintiff represented that the contents had been published in the year stated. That representation, defendants argue, is inconsistent with the assertion that the material in the manual includes trade secrets and therefore the plaintiff should be estopped from proceeding on a theory of misappropriation of trade secrets. The plaintiff's position is that the manual was never published within the mean-

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[1] The proprietary legend states:

> "The information and designs disclosed herein, except as to vendor proprietary parts, are proprietary to Technicon Medical Information Systems Corp., and shall not be duplicated, used or disclosed, in whole or in part, except with the expressed permission of the owner."

ing of the Copyright Act of 1909,[2] and that the copyright notice was only included for protection in the event that an inadvertent publication occurred. Thus, plaintiff contends, the manual can contain trade secrets and it should be permitted to present evidence on that factual issue.

The defendants presented their estoppel argument to the district court in a Motion for Summary Judgment but did not prevail.[3] However, the District Judge noted that this was a question of first impression[4] and subsequently authorized this interlocutory appeal.

Appellants contend that the certified question should be answered in the affirmative, based on the statutory estoppel doctrine utilized in *Exchange Trust Co. v. Drainage Dist. No. 7*, 278 U.S. 421 (1929); *Magee v. United States*, 282 U.S. 432 (1931); *Littleton v. Mardigan*, 458 F.2d 251 (7th Cir. 1972); *Wheelock v. Commissioner of Internal Revenue*, 77 F.2d 474 (5th Cir. 1935); *United States v. Kassan*, 208 F. Supp. 858 (S.D. Cal. 1962). In their initial brief appellants summarize this estoppel

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[2] The parties agree that the 1909 Copyright Act applies to the facts of this case.

[3] The court did grant defendants' Motion for Summary Judgment on plaintiff's claim for common law copyright protection. This aspect of the court's decision is not at issue in this appeal and therefore we do not comment upon it.

[4] The District Court suggested in its memorandum opinion on defendants' Motion for Summary Judgment that this was also a case of last impression since it involved the "old" Copyright Act. Unfortunately, this was wishful thinking since we have received an *amicus curiae* brief from Arthur Young & Company which states that "it is a party to other litigation which this court's decision would affect," *amicus curiae* br. p. 1. Additionally, a very similar issue was raised (although apparently not argued in terms of estoppel) in *Management Science America, Inc. v. Cyborg Systems, Inc.*, 6 CLSR 921 (N.D. Ill. 1978). Despite the District Judge's laudable wishful thinking, this question could arise again since the 1909 Copyright Act is still relevant for "undertakings commenced before January 1, 1978," see 17 U.S.C. §301(b)(2).

principle as "one who invokes statutory benefits by the making of representations will be estopped to deny such representations," Appellants' br. p. 10. However, in their reply brief they characterize it as "where a person has affirmatively claimed and received the benefit of a statute, that person will be estopped from subsequently denying or repudiating the effects or consequences of such claim, regardless of personal reliance," Appellants' Reply br. p. 6. Our analysis of the cases cited indicates that the application of statutory estoppel requires the presence of three elements:

1) assertion by a party of entitlement to statutory right or privilege;

2) the receipt by that party of an actual benefit pursuant to the statute;

3) subsequent assertion by that party which is inconsistent with entitlement to the statutory benefit previously received.

For example, in *Littleton*, the plaintiff was a truck driver who was injured by another driver while on his job. He filed a claim against his employer, Calumet Trucking Company, under Indiana's Workmen's Compensation Act and received monetary benefits. In filing that claim, the plaintiff had to assert, of course, that he was an employee of Calumet. Subsequently, he brought a civil action against the other driver. Under the Indiana Workmen's Compensation Act, one who had received compensation could still sue a potentially liable party for damages unless it was the employer or a fellow employee. The District Court granted summary judgment for the defendant. This court affirmed, finding that the undisputed facts revealed that the defendant was an employee of Calumet and holding that the plaintiff was estopped, by his conduct in claiming and receiving benefits under the Indiana Workmen's Compensation Act, from denying that he was an employee of the same company. Thus, having claimed entitlement to a statutory right and accepted a benefit thereby, the plaintiff was estopped from making an assertion inconsistent with that entitlement.

Appellant argues that under the 1909 Copyright Act one who has affixed a copyright notice to a work and published it has affirmatively claimed and received the benefit of the Act and should be estopped from claiming that trade secrets are contained therein. The alleged inconsistency in the latter assertion arises from the principle that "information disclosed [in a copyrighted work] is lodged in the public domain, where its use is unrestricted," *Crume v. Pacific Mutual Life Insurance Co.*, 140 F.2d 182, 183 (7th Cir.), *cert. den.* 322 U.S. 755 (1944). Additionally, appellants contend that it is inconsistent to represent that certain material has been published for purposes of the Copyright Act and to claim that the information contained therein is also secret.

There does not appear to be any dispute that the affixing of a copyright notice consists of an assertion of a statutory right, *Goodis v. United Artists Television, Inc.*, 425 F.2d 397, 403 (2nd Cir. 1970). Therefore, the first element of statutory estoppel is present.

We must then determine whether a person who has published a work with notice has received an actual benefit under the 1909 Copyright Act. In order to perfect its copyright under the 1909 Act, a party must "generally publish" the work with a proper notice affixed, 17 U.S.C. §10 (1976), *The Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30 (1939); *Bell v. Combined Registry Company*, 397 F. Supp. 1241 (N.D. Ill.), aff'd 536 F.2d 164 (7th Cir.), *cert. den.* 429 U.S. 1001 (1976). A general publication

> "occurs when by consent of the copyright owner the original or tangible copies of a work are sold, leased, loaned, given away or otherwise made available to the general public, or when an authorized offer is made to dispose of the work in any such manner even if a sale or other such disposition does not, in fact, occur." 1 Nimmer on Copyright §4.04 (1981).

The publication requirement of 17 U.S.C. §10 (1976) is not satisfied when the distribution of the work is only a

"limited publication," *White v. Kimmel*, 193 F.2d 744 (9th Cir.), *cert. den.* 343 U.S. 957 (1952); *Data Cash Systems, Inc. v. JS&A Group, Inc.*, 628 F.2d 1038 (7th Cir. 1980); *Hub Floral Corporation v. Royal Brass Corporation*, 454 F.2d 1226 (2d Cir. 1972).

> "[A] limited publication [is one] which communicates the contents of a manuscript to a definitely selected group and for a limited purpose, and without the right of diffusion, reproduction, distribution or sale, . . ." *White, supra*, quoted in *Data Cash*, 628 F.2d at 1042.

The certified question in this case does not specify which type of publication is in issue and therefore we must address both situations.[5]

Under the 1909 Act, a limited publication is, for legal purposes, no publication at all, and therefore does not result in the divestiture of common law copyright protection or the investiture of statutory copyright protection, see *White, supra, Data Cash, supra, William A. Meier Glass Co. v. Anchor Hocking Glass Corp.*, 95 F. Supp. 264 (W.D. Pa. 1951); *Schellberg v. Empringham*, 36 F.2d 991 (S.D. N.Y. 1929). However, a limited publication with a notice stating the year of the limited publication would affect the potential duration of the statutory copyright protection. This is based on the rule that an antedated notice, i.e., one which states a date prior to the actual investiture of statutory copyright protection, will cause the copyright term to be computed from the date stated therein,[6] *National Comics Pub-*

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[5] In its memorandum opinion on defendants' Motion for Summary Judgment, the District court did not resolve the factual issue of whether the publication in the instant case was limited or general.

[6] This rule also applies to postdated notices if the margin of error is one year or less; if the margin of error is greater than one year, the work is considered to have been published without notice, see 2 *Nimmer on* Copyright §7.08[c][7] (1981) (and cases cited therein).

lications, Inc. v. Fawcett Publications, Inc., 191 F.2d 594 (2d Cir. 1951); *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 161 F.2d 406 (2d Cir.), *cert. den.* 331 U.S. 820 (1947); *Southern Music Pub. Co., Inc. v. Bibo-Lang, Inc.*, 10 F. Supp. 972 (S.D. N.Y. 1935). Despite the fact that the copyright term would be running, no statutory rights would be enforceable until a general publication actually occurred, *Basevi v. Edward O'Toole Co.*, 26 F. Supp. 41 (S.D. N.Y. 1939), see also 2 *Nimmer* on Copyright §7.08[c][2] (1981). For this reason, no benefit inures to the owner of a work which is the subject of a limited publication with notice. In fact, due to the shortening of the duration of the enforceable copyright period, the result would be an abridgement of the owner's rights and would be "a mistake in favor of the public," *Southern Music*, 10 F. Supp. at 974.

Similarly, we do not believe that the act of generally publishing a work with notice results in a sufficient benefit to the owner to warrant the application of statutory estoppel. While that act is necessary to qualify the work for protection under the 1909 Act, no actual benefit would be conferred on the copyright owner until an enforcement action was successfully maintained. Only after such a proceeding would there be a final determination that the owner was entitled to the protection of the Act and some type of relief awarded. While the facts which might support a finding of a general publication would be antithetical to a claim of trade secret protection, inconsistent claims may be properly asserted in the same action, see, Fed. Rule of Civ. Proc. 8(e)(2). Only where a party obtains judicial enforcement of a statutory copyright and subsequently asserts trade secret protection as to the same material would the second element of statutory estoppel be present.[7]

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[7] We note, however, that the complaint in the instant case did not claim a violation of statutory copyright, although it did include a claim for a violation of common law copyright, see fn. 3 *supra*.

Appellants contend, however, that one who publishes a work with a copyright notice obtains a benefit because the notice will serve to deter potential copiers. However, a limited publication is, by definition, "limited to a definitely selected group for a limited purpose . . . *without the right of diffusion, reproduction, distribution, or sale* . . ." [emphasis supplied] *White*, quoted *supra*, p. 6. Those who are privy to a limited publication must be informed of and subject to those restrictions or the distribution will be considered a general publication, see *Data Cash, supra*. Thus, the notice could not be a significant deterrent in that situation.

In the context of a general publication, the copyright notice's deterrent effect is speculative. The notice is merely an assertion of entitlement to statutory copyright protection and is not, of course, conclusive, see *Goodis*, 425 F.2d at 403; *National Comics*, 191 F.2d 594, 602; *Shapiro, Bernstein*, 161 F.2d 406, 408-410; *Cynthia Designs Inc. v. Robert Zentall, Inc.*, 416 F. Supp. 510, 513 (S.D. N.Y. 1976). Furthermore, a proper analysis of a work's status under the 1909 Copyright Act must involve more than a reading of the notice on the work, see United States Copyright Office, Library of Congress, Circular No. 22 (1973).[8] Thus, any deterrent effect of a

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[8] Circular No. 22, entitled "How to Investigate the Copyright Status of a Work," states:

> "There are three ways to go about finding out whether a work is copyrighted and, if so, the facts of the copyright:
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> Examine a copy of the work;
>
> Make a search of the Copyright Office catalogs and other records yourself;
>
> Have the Copyright Office make a search for you.
>
> None of these methods is completely conclusive. This circular is intended to offer some practical guidance on what to look for in making a copyright investigation, but there are a number of exceptions to the general principles outlined here. In many cases it is important to consult a copyright attorney before reaching any conclusions as to the copyright status of a work."

copyright notice would be speculative and unwarranted, and would not qualify as an "actual benefit" for purposes of a statutory estoppel analysis.

We conclude that the second element of the statutory estoppel analysis is not present in the facts stated in the certified question. The act of publishing a work with a copyright notice affixed does not, in itself, confer an actual benefit on the copyright owner. Therefore, statutory estoppel is not applicable to the facts stated in the certified question[9].

Appellants also suggest a different form of estoppel based on the argument that by placing a copyright notice on a work, the owner represents to the public that the work has been generally published and is, therefore, not secret. Thus, appellants argue, if the work has not been generally published the copyright notice is misleading and those who detrimentally rely on it should be entitled to the equitable remedy of estoppel. This argument is without merit. The copyright notice is intended to inform the public that copyright is claimed and to indicate the owner and the duration of the copyright term, see *Goodis; Shapiro, Bernstein; Cynthia Designs, supra.* As discussed *supra*, an antedated notice will cause the copyright term to be computed from the date stated therein. Thus, for the purposes intended, an antedated notice is entirely accurate. Reliance on the notice for a collateral determination, i.e. whether the information contained therein can qualify for trade secret protection, is not explicitly authorized by the 1909 Copyright Act and should not be judicially authorized by the application of an estoppel in this situation.

Finally, appellants rely on *Larrowe-Loisette v. O'Loughlin*, 88 F. 896 (S.D. N.Y. 1898) for the proposition that an estoppel should be applied in this case. In

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[9] Since we determine that the second element is not present in the instant case and further, that it is not imminent, see fn. 7, *supra*, we do not address the third element of statutory estoppel in the context of this case.

Larrowe an author's widow sought to enjoin the defendants from selling a set of books they had allegedly copied in violation of the author's United States copyright. The case was submitted to the court on stipulated facts. In 1883, the author had registered the work, a set of books on memory and attention, for copyright in England and printed and distributed three editions of it. He sold the books to anyone willing to take his course of instruction and he required the students to sign a contract which stated, in part: "I do hereby promise that I will not communicate to any person whatsoever any idea or part of [Loisette's] system of memory, without his previous consent therefor in writing . . ." In 1886, Loisette printed a fourth edition and attempted to obtain a United States copyright for it. However, Loisette's agent (apparently no pupil of his principal) neglected to transmit copies of the work to the Library of Congress as required by the Copyright Act then in force. Loisette learned of the omission but continued to disseminate the books, some editions with both English and American copyright notices, some with only one, and some without any notice. Eventually, an edition was issued that was copyrighted in accordance with the statutory formalities. The issue before the court was the validity of the United States copyright. Analyzing the dissemination of the work by the author prior to the first attempt to obtain a United States copyright, the court stated:

> "The books were sold absolutely: no restriction being placed upon the title or upon their use other than the contract not to communicate to any person any idea or part of Loisette's system of memory. I think this distribution amounted to publication . . . In most, if not quite, all cases in which a distribution has been held not to be a publication, the author did not part with the title to the books distributed . . . This book was exposed for sale so that the public without discrimination as to persons, might have an opportunity to enjoy it . . ." 88 F. at 898

The court noted that to permit the author to obtain a copyright after years of such distribution would be, in essence, to enlarge the period of copyright protection beyond that permitted by the Act then in force. The court then concluded that "there was a publication in the instant case, and the copyright is void,"[10] 88 F. at 899.

After reaching the above conclusion, the court stated the language on which the appellants in the instant case rely:

> "Furthermore, the notice in the edition of 1886, that it was copyrighted in England, was equivalent to a notice that it had been published therein, and I think that the notice of a United States copyright, known by Loisette to be untrue, estops his representatives from denying that it was published here." 88 F. at 899

It is apparent from the context of the case and the structure of the opinion that this language was merely dictum. The court had already analyzed the factual issue of publication, determined that it had occurred, and concluded that the copyright was void. Therefore, even if the court believed that estoppel was appropriate, it did not, in fact, apply it. Furthermore, there is no discussion of the rationale underlying the estoppel, and it is clear that the facts of the case do not satisfy the elements of the statutory estoppel doctrine discussed *supra*.

The equitable considerations of the instant case are also quite different from *Larrowe*. In *Larrowe*, the author had utilized the copyright notice even when he knew the work did not qualify for protection (due to lack

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[10] At the time of this opinion, the nomenclature of "limited publication" and "general publication" had not been developed. The term "publication" was used to designate acts which divested common law copyright protection (and, assuming compliance with statutory formalities, invested statutory copyright protection) and thus was the equivalent of a general publication.

of compliance with statutory formalities) and, additionally, had sought to extend the copyright term by a belated application for copyright. In the instant case there is no showing of wrongful conduct or motive on the part of the plaintiff. It distributed the System Reference Manual to its customers and, although it intended only a limited publication, under the 1909 Act intent is not a controlling factor in determining the nature of a publication, see *Data Cash*, 628 F.2d at 1043. The distinction between a limited publication and a general publication is a difficult line to draw[11] and the consequences of a misapprehension can be devastating, as exemplified by the result in the *Data Cash* case, *supra*. As discussed previously, the copyright notice was entirely accurate for the purpose it was intended to serve and the only harm alleged from its use was the result of appellants' unauthorized reliance upon it for a collateral determination. We therefore do not find any equitable basis for applying the extreme sanction of estoppel to prevent the plaintiff from seeking to protect certain contents of the manual as trade secrets.

We also note the argument of the *amicus curiae*, Arthur Young & Company, that the Supremacy Clause of the Constitution operates to accord exclusivity to an author's invocation of a Federal mechanism of intellec-

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[11] The limited/general publication dichotomy is a judicial creation requiring an analysis of many factual elements, see 1 *Nimmer on Copyright* §4.13 (1981). Additionally, there is a lack of unanimity among the courts as to the proper standard, *Compare White supra*, with *Zachary v. Western Publishing Co.*, 75 Cal. App. 3d 911, 143 Cal. Rptr. 34 (1977). The most authoritative treatise on copyright provides the following guidance:

> "Apart from possible conflicts, the pre-1978 case law definition of publication contains some explicit nuances which although not expressly mentioned in the statutory definition, are probably implied, 1 *Nimmer on Copyright* §4.04 (1981)."

While we offer no elucidation of this statement, we do not encourage court or counsel to labor over it.

tual property protection, i.e. statutory copyright, when such an election conflicts with a state scheme of intellectual property protection, i.e. trade secret law. However, we do not perceive an inherent conflict between the Federal Copyright Act and state trade secret law. The Copyright Act is designed to protect the form of a work while trade secret law applies to the contents or ideas in a work. While judicial enforcement of both forms of legal protection could present a conflict, the certified question before us deals only with the assertion of rights under both schemes, see *Management Science* 6 CLSR 921 at 926. There is nothing improper in the assertion of alternative theories of legal rights, e.g. Fed. Rule of Civil Proc. 8(e)(2), and, therefore, we find no conflict at this time which would warrant invocation of the Supremacy Clause.

Accordingly, we conclude that acts of (1) affixing to certain documents a statutory notice of copyright including the prescribed year date of first publication, pursuant to the 1909 Copyright Act and the Universal Copyright Convention, and (2) publishing the documents, do not estop the party who affixed the notice and published the documents from subsequently asserting that such documents have not been generally published, but instead contain subject matter which is "trade secret."

A true Copy:

Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

Opinion by Judge Campbell

JUDGMENT — ORAL ARGUMENT

UNITED STATES COURT OF APPEALS

For the Seventh Circuit

Chicago, Illinois 60604

August 30, 1982

Before

Hon. Wilbur F. Pell, Circuit Judge
Hon. Richard D. Cudahy, Circuit Judge
Hon. William J. Campbell, Senior District Judge*

No. 81-1469

TECHNICON MEDICAL INFORMATION SYSTEMS CORPORATION,

Plaintiff-Appellee,

vs.

GREEN BAY PACKAGING INC., ST. VINCENT HOSPITAL, and LEO N. CROWLEY,

Defendants-Appellants.

Appeal from the United States District Court for the Eastern District of Wisconsin

No. 78-C-363

Judge Terence T. Evans

This cause was heard on the record from the United States District Court for the Eastern District of Wisconsin, and was argued by counsel.

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* Senior District Judge William J. Campbell of the Northern District of Illinois, is sitting by designation.

On consideration whereof, IT IS ORDERED AND ADJUDGED by this Court that the certified question is answered in the following manner:

> The acts of (1) affixing to certain documents a statutory notice of copyright including the prescribed year date of first publication, pursuant to the 1909 Copyright Act and the Universal Copyright Convention, and (2) publishing the documents, do not estop the party who affixed the notice and published the documents from subsequently asserting that such documents have not been generally published, but instead contain subject matter which is "trade secret."

IT IS FURTHER ORDERED that costs on appeal are to be assessed against defendants-appellants.

UNITED STATES COURT OF APPEALS

For the Seventh Circuit

Chicago, Illinois 60604

March 6, 1981

Before

Hon. THOMAS E. FAIRCHILD, Chief Judge
Hon. LUTHER M. SWYGERT, Circuit Judge
Hon. WALTER J. CUMMINGS, Circuit Judge

GREEN BAY PACKAGING INC., ST. VINCENT HOSPITAL and LEO N. CROWLEY,

Petitioners,

vs.

TECHNICON METAL [sic] INFORMATION SYSTEMS CORP.,

Respondent.

Petition for Permission to Appeal Per 28 U.S.C. 1292(b)

Misc. No. 81-8004

This matter comes before the court for its consideration on the following documents:

1. The "PETITION FOR PERMISSION TO APPEAL" filed herein on February 5, 1981 by counsel for the petitioners.

2. The "ANSWER IN OPPOSITION TO PETITION FOR PERMISSION TO APPEAL" filed herein on February 17, 1981 by counsel for the respondent.

3. The "MOTION FOR LEAVE TO FILE AMICUS CURIAE BRIEF IN SUPPORT OF PETITION FOR PERMISSION TO APPEAL" filed herein on February 23, 1981 by Arthur Young & Company.

4. The "RESPONSE TO MOTION FOR LEAVE TO FILE AMICUS CURIAE BRIEF IN SUPPORT OF PETITION FOR PERMISSION TO APPEAL" filed herein on March 2, 1981 by counsel for the respondent.

On consideration thereof,

IT IS ORDERED that the motion of Arthur Young & Company for leave to file an amicus curiae brief in support of the petition for leave to appeal is hereby GRANTED, and the clerk of the court is directed to file, nunc pro tunc as of February 23, 1981, the brief of Arthur Young & Company.

IT IS FURTHER ORDERED that the petition for permission to appeal under 28 U.S.C. §1292(b) is hereby GRANTED.

IT IS ALSO FURTHER ORDERED that the clerk of the district court certify and transmit the record in this appeal to this court on or before March 20, 1981.

Counsel for the petitioners is directed to pay the $65.00 docket fee for this appeal to the clerk of the district court on or before March 20, 1981.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

Civil Action
No. 78-C-363

TECHNICON MEDICAL INFORMATION SYSTEMS CORP.,

Plaintiff,

v.

GREEN BAY PACKAGING INC., ST VINCENT HOSPITAL, and LEO N. CROWLEY,

Defendants.

(Filed January 26, 1981)

DECISION and ORDER

The defendants have moved for an order, pursuant to 28 U.S.C. § 1292, certifying the following question for appeal:

> "Whether the acts of (1) affixing to certain documents a statutory notice of copyright including the prescribed year date of first publication, pursuant to the 1909 Copyright Act and the Universal Copyright Convention, and (2) publishing the documents, estop the party who affixed the notice and published the documents from subsequently inconsistently asserting that such documents have not been generally published as represented by the copyright notice, but instead contain subject matter which is 'trade secret.'"

The defendants claim that this court's September 9, 1980 decision declared the question one of first impression. They believe that an immediate appeal from that decision would "materially advance the ultimate termination of the litigation" in that an affirmative answer

would dispose of the issues raised by the complaint. Defendants stated that they did not intend to file a brief supporting their motion, but instead "reserved" their right to file a reply brief within 10 days of the plaintiff's response.

Plaintiff Technicon Medical Information Systems Corporation (TMIS) counters that the motion apparently should be denied because the defendants have not filed a proper motion in compliance with Rule 6 of the Local Rules of Practice. The rule provides that:

> "Every motion filed shall set forth the rule pursuant to which the motion is made and shall be accompanied by (1) affidavit(s) or excerpts of depositions when necessary and a supporting brief setting forth the specific points or propositions of law upon which the movant relies with the authorities in support thereof or (2) a certificate of counsel stating that he does not intend to file such affidavits or supporting brief.
>
> "If movant fails to comply with either (1) or (2) above the court reserves the right to deny the motion as a matter of course."

Defendants' statement as to their intentions about submitting a brief complies with Rule 6.01(2). Their motion will not be denied for noncompliance with the Rule.

Of greater weight is TMIS' contention that the defendants have not met the requirements of § 1292(b). For a question to be certified for appeal, it must involve

(1) a question of law
(2) which is "controlling"
(3) on which there is "substantial ground for difference of opinion."

The final requirement is that an immediate appeal must "materially advance the ultimate termination of the litigation." Sheppard, MANUAL OF FEDERAL PRACTICE § 8.77 (2d ed.)

In my September 9, 1980 decision, I stated that I was "not willing to conclude that, as a matter of law, the mere act of affixing a copyright notice to the Manuals voids any claim of secrecy under Wisconsin Trade Secret law." In that decision, I denied defendants' motion for summary judgment on six of the seven counts of TMIS' complaint, and found that "a genuine issue of fact exists as to whether or not the matters sought to be protected remain secret. . . ." Thus, TMIS argues the question to be certified is one of fact, not law.

The defendants reply that no question of fact is involved in resolving the question for certification: "That the placement of statutory notice of copyright on manuals also may be probative, as a matter of fact, of an intent to generally publish the manuals' contents, or create a presumption thereof, does not change the nature of the question of law presented for certification." The defendants' point is well taken. In the first order, I decided whether summary judgment was appropriate. Because I determined that a "genuine issue of fact" was present, I declined to grant summary judgment. To say that an issue of fact exists, however, is not to say that there is no issue of law. In *Inter-American Foods, Inc.* v. *Coordinated Caribbean Transport, Inc.*, 313 F. Supp. 1334 (D.C. Fla. 1970), whether a loaded trailer or each cardboard carton of frozen shrimp placed on a freezer trailer constituted a "package" for purposes of the Carriage of Goods by Sea Act, 46 U.S.C. § 1300 *et seq.*, was held to be a "controlling question of law as to which there was substantial ground for difference of opinion" within § 1292(b). Similarly, this case presents a legal question distinct from the facts upon which it depends.

However, TMIS urges that the question, if certified, would still not be "controlling." Its complaint is said to allege "causes of action for breach of contract, interference with contract relations, unfair competition, violation of the *Lanham Act*, [and] unjust enrichment, as well as violation of trade secret rights." However, the

September 9, 1980 decision described TMIS' complaint as one which "alleges six counts relating to trade secret misappropriation." The question to be certified would thus be controlling.

TMIS contends that the question offers no substantial ground for difference of opinion, because no case law exists which holds that affixing a copyright notice destroys the owner's claim of secrecy. As the defendants note, however, "Matters of first impression by their very nature are controversial." If substantial ground for difference of opinion did not exist, I would not have needed nearly eight pages of my September 9, 1980 decision to consider the question.

Finally, TMIS argues that certifying the question for appeal would result in "piecemeal litigation," and not materially advance the ultimate termination of this action. I disagree.

Therefore, IT IS ORDERED that the defendants' motion for certification of its question for appeal be granted, except that the word "inconsistently" shall be stricken on my own motion as unnecessary and unduly argumentative.

Dated at Milwaukee, Wisconsin, this 26th day of January, 1981.

BY THE COURT:

/s/ Terence T. Evans

Terence T. Evans
U. S. District Judge

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

Civil Action
No. 78-C-363

TECHNICON MEDICAL INFORMATION SYSTEMS CORP.,

Plaintiff,

v.

GREEN BAY PACKAGING, INC., ST. VINCENT HOSPITAL, and LEO V. CROWLEY,

Defendants.

DECISION AND ORDER

This action raises the interesting, and largely unlitigated, question of whether the act of affixing a statutory notice of copyright to certain documents, pursuant to the 1909 Copyright Act, bars common law copyright and trade secret claims arising from another's unauthorized use of those documents. Since this issue involves application of the 1909 law, which has been substantially revised by the 1976 Copyright Act (effective January 1, 1978), this is a question of first — and probably last — impression in this court.

The controversy centers on the alleged misuse of plaintiff's computer "software" by the defendant, Green Bay Packaging, Inc. (GBP), which had provided necessary computer "hardware" to allow the plaintiff to deliver its computerized business office services to the defendant St. Vincent Hospital. The complaint alleges six counts relating to trade secret misappropriation and one count of common law copyright infringement. Jurisdiction is based

upon diversity of citizenship as to six counts. The remaining unfair competition count is brought under the Lanham Act.

Plaintiff Technicon Medical Information Systems Corp. (TMIS) succeeded Lockheed Missiles and Space Company, which had originated much of the software used by TMIS to provide the office services for its customers. These office services included such functions as patient-billing, payrolls, inventory, accounts, and general ledger. From July 1, 1970 to July, 1977, GBP was under contract initially with Lockheed, and ultimately with TMIS, to provide data processing services for the hospital customers of TMIS. It is alleged that GBP agreed to treat the information disclosed by the plaintiff for processing in the GBP computers as confidential and as trade secrets of the plaintiff.

During the same period of time, defendant St. Vincent Hospital was a customer of the plaintiff. In connection with the performance of the computerized office services by plaintiff, TMIS provided System Reference Manuals to enable the hospital to properly use the system.

In early 1975, TMIS was providing these office services for the defendant St. Vincent and for Sacred Heart Hospitals. This involved use of the GBP hardware; TMIS having provided the necessary software in machine language form. GBP was purposely not given System Reference Manuals. In such a way, the plaintiff alleges, GBP was prevented from ascertaining the design of the TMIS system. GBP contends that, in fact, a copy of such a Manual had been provided to it by TMIS.

It had been the objective of TMIS to obtain three other Green Bay area hospitals as customers for its services, utilizing the GBP hardware. In addition to St. Vincent and Sacred Heart Hospitals, TMIS contemplated contracting with St. Mary, St. Nicholas, and St. Joseph Hospitals. In early 1975, however, these five hospitals formed the Wisconsin Hospital Administrator's Team to

coordinate operations and generally pool knowledge for mutual use. As alleged in the complaint, a series of meetings took place in early 1975 between the Team and GBP. On February 19, 1975, GBP proposed a plan to provide data processing services to the group. These services allegedly would be the same as those provided by TMIS, but at a price 30% less than that charged to St. Vincent and Sacred Heart Hospitals by TMIS. Letters of intent authorizing GBP to begin development of the alternate system were signed by the five hospital Administrators around January 7, 1976. Each hospital pledged $28,000 to defray the development costs. On February 1, 1976, St. Vincent Hospital entered into another one-year contract for the TMIS system. It is alleged that during the spring of 1976, St. Vincent personnel provided the TMIS System Reference Manuals to GBP. As stated above, this Manual had allegedly been purposely withheld from GBP by TMIS. St. Vincent also provided typewritten sheets which contained the coding for the TMIS system. This coding was developed by TMIS and disclosed to St. Vincent in the System Reference Manual. Eventually, all five hospitals had arranged with GBP to receive data processing services.

The System Reference Manuals which had been provided to St. Vincent Hospital contained the following admonition:

> "The information and designs disclosed herein, except as to vendor proprietary parts, are proprietary to Technicon Medical Information Systems Corp., and shall not be duplicated, used or disclosed, in whole or in part, except with the expressed permission of the owner."

On the same page was printed a statutory notice of copyright as prescribed under the 1909 Act. 17 U.S.C. §§ 10, 19 (1976). Each notice of copyright contained the internationally-recognized encircled letter "C", followed

by the name "Technicon Medical Information Systems Corp.", followed by a purported year-date of publication.

It is the contention of the defendants that this act of including the copyright notice estops the plaintiff from proceeding under a common law copyright claim — and operates as a general publication sufficient to defeat, as a matter of law, any claim of secrecy in support of the trade secret claims.

Under the new copyright law, effective January 1, 1978, there could be no common law copyright claim because that Act preempts State copyright law in its entirety. All published or unpublished copyrightable material is protected by statute from the moment of creation, and a suit for statutory copyright infringement is the only available remedy. 17 U.S.C. § 301(a).

However, under the old law, only a limited number of unpublished materials were protected by statutory copyright. The author was left to rely on common law copyright only. If what has come to be known as a "general" publication had occurred, common law copyright was lost, and the material was considered dedicated to the public domain. Only by publishing the materials with the prescribed copyright notice could one's works be protected under the 1909 Act. See, *Bell* v. *Combined Registry Company*, 397 F. Supp. 1241 (N.D. Ill. 1975), *aff'd.* 536 F.2d 164, *cert. den.* 429 U.S. 1001 (1976). If a "general" publication occurred *before* a statutory notice of copyright was affixed to any published document, then both the common law and statutory copyrights would be lost. Only by publication with the prescribed notice could one protect statutory rights. However, by so doing, the individual would also be relinquishing his common law copyright. *Dave Grossman Designs, Inc.* v. *Bortin*, 347 F. Supp. 1150 (N.D. Ill. 1972); *National Comics Publications* v. *Fawcett Publications*, 91 F.2d 594 (2 Cir. 1951); *Letter Edged in Black Press, Inc.* v. *Public Building Commission of Chicago*, 320 F. Supp. 1303 (N.D. Ill. 1970).

There are two dimensions to the issue of whether or not publication has occurred. See, for example, *Zachary* v. *Western Publishing Company, Inc.*, 196 U.S.P.Q. 690, 697-8 (Cal. App. 1977). Whether a "general" or "limited" publication has occurred is a matter largely determined by the result of the publication; i.e., whether it serves to divest common law rights, or invest statutory rights.

A general publication extinguishes the common law copyright; a limited publication does not. See, *American Tobacco Company* v. *Wreckmeister*, 207 U.S. 284 (1907); *White* v. *Kimmel*, 193 F.2d 744 (9 Cir. 1951), *cert. den.*, 343 U.S. 957 (1952); also see, *Burke* v. *National Broadcasting Company, Inc.*, 598 F.2d 688, 691 (1 Cir. 1979).

A more stringent standard for determining whether publication occurred is used by the court when that publication would result in the divesting of common law copyright. A less stringent standard is used when the publication would result in the investing of statutory copyright. *Hirshon* v. *United Artists Corp.*, 243 F.2d 640, 644-5 (D.C. App. 1957); *American Visuals Corp.* v. *Holland*, 239 F.2d 740, 744 (2 Cir. 1956); see, *Burke* v. *National Broadcasting Company, Inc., supra.* These varying standards are used to avoid invalidation of copyrights and encourage validation thereof; in short, to prevent piracy. *Hirshon, supra; American Visuals Corp., supra; Zachary, supra,* at 698.

In this case, the plaintiff contends that the restrictive language on the System Reference Manuals renders the publication a "limited" one. It does not, therefore, result in forfeiture of its common law copyright protection or relinquishment of trade secrets. By so arguing, the plaintiff has placed heavy emphasis on the divesting of its common law copyright. The court believes that the emphasis should instead be placed on the investing of statutory copyright protection. By means of the internationally recognized copyright symbol, the plaintiff notified the

general public that the documents produced had been "published" in the year-date set forth in each notice.

The principal purpose of copyright notice is to inform the public that copyright is claimed. *Goodis* v. *United Artists Television, Inc.*, 425 F.2d 397, 403 (2 Cir. 1970).

> "The purpose of a copyright notice is to 'advise the public of the claim . . . and to prevent innocent persons, unware of the copyright, from incurring infringement penalties'." *Cynthia Designs, Inc.* v. *Robert Zentall, Inc.*, 416 F. Supp. 510, 513 (S.D. N.Y. 1976).

The plaintiff has effectively notified the public that it has invoked the protection of the U. S. copyright laws for the statutory period commencing from the year-date in the notice; and that any unauthorized appropriation of this material would be prosecuted as an infringement of statutory copyright. By invoking the statutory copyright laws to the extent of even printing a date of publication, the plaintiff has opted to forego his perpetual common law copyright in exchange for the limited but more definite statutory copyright. Although the plaintiff has relinquished its common law protection, its materials will not be subject to piracy because it is now protected by the statute and can sue any "pirate" for infringement upon perfection of its statutory rights.

The court is aware of the harsh reality under the old law that a general publication without notice of copyright would result in waiver of both the common law and statutory protection. The precautionary measure of printing the copyright notice when there is doubt as to whether the distribution of the materials will amount to a limited or general publication, certainly cannot be criticized. See, for example, *Goodis, supra.* However, the court believes that in exchange for the increased security, the plaintiff has elected the statutory remedy over the common law remedy by distributing its materials with the statutory notice. There is no dispute here that there was at least

a "limited" publication of these materials at the time the copyright notice was affixed to them. The court concludes that once there was publication with statutory notice to any degree, the documents were at least potentially protected by the federal statute and the plaintiff was estopped from further asserting any common law copyright protection. To rule otherwise would effectively render the printed notices of copyright meaningless. The court believes that, in keeping with the purpose of the statute, the public should be entitled to assume that the notice is valid, and that the materials will enter into the public domain 28 years from the date in the notice, unless renewed for another 28-year period. The plaintiff cannot have it both ways; the 28-year monopoly and protection from infringement enforceable in Federal court under the statute, and the perpetual protection from infringement, enforceable in state court under common law copyright. Therefore, the common law copyright claim will be dismissed.

Although the court holds that TMIS has elected the statutory copyright remedy, it does not necessarily follow that this present or potential federal law protection operates as a waiver of protections accorded by state Trade Secrets law.

General publication of a trade secret will destroy the trade secret. *Abbott Laboratories* v. *Norse Chemical Corp.*, 33 Wis. 2d 445, 457 (1967).

> "The subject of a trade secret must be secret, and must not be of public knowledge or of a general knowledge in the trade or business." *Kewaunee Oil Company* v. *Bicron Corp.*, 416 U.S. 470, 475 (1974); *Management Science America, Inc.* v. *Cyborg Systems, Inc.*, Case No. 76-C-2149 (N.D. Ill. 6/8/78).

The court is not willing to conclude that, as a matter of law, the mere act of affixing a copyright notice to the Manuals voids any claim of secrecy under Wisconsin Trade Secret law. *Management Science America, supra.*

The briefs and affidavits submitted by counsel indicate that TMIS has not yet perfected its statutory copyright with the Copyright Office. There is substantial proof to support the contention that the distribution of these Manuals amounted only to a "limited" publication. This, along with the clear restrictive language in each Manual, evidences an attempt to safeguard these materials as trade secrets, at least for the time being. In short, a genuine issue of fact exists as to whether or not the matters sought to be protected by TMIS remain secret, or were in fact published by means of the distribution which took place and the affixation of statutory notice of copyright. The statutory copyright notice may be probative of an intent to generally publish, but the court is not willing to conclude, at the summary judgment stage, that it is conclusive proof of publication so as to defeat any claim of secrecy. See, *Management Science America, supra.* The collateral effect, in a subsequent copyright infringement action, of a finding by the trier of fact in this case that there was no general publication to defeat a trade secrets claim, is a matter best left for another day and another court. Therefore defendants' motion for summary judgment as to the trade secret claims will be denied.

SEVERANCE MOTIONS

There are currently pending two motions for severance; (1) plaintiff's motion for separate trial and stay of discovery on the antitrust counterclaims of GBP, and, (2) defendant's motion for a separate trial and stay of discovery on the issues of damages as to all claims.

The defendant GBP has counterclaimed, alleging that TMIS has violated Federal and State of Wisconsin antitrust laws by means of various practices associated with the provision of its office services. Much of what is alleged in the counterclaims arises from the various trade secret allegations in the TMIS complaint; i.e., whether many of the plaintiff's practices in regard to the dissemination and use of its alleged trade secrets amounted

to a combination or conspiracy in restraint of trade under the Sherman Act and the Wisconsin Antitrust statute.

The court has reviewed the materials submitted as to both motions. There remain in this action one federal (Lanham Act) claim and five state claims relating to the alleged misappropriation of the TMIS trade secrets; and the two antitrust counterclaims arising from various restrictions imposed by TMIS on the use of its allegedly secret information. These liability and damage questions substantially overlap. A strong argument can be made that they be tried together for the convenience of parties and witnesses.

However, a stronger argument exists to require severance to some degree under F.R.C.P. 42(b). Experience teaches that a relatively unsophisticated jury forced to endure this type of lengthy litigation has a difficult time trying to separate wheat from chaff. The jury's critical function—the application of common sense to the law and the facts before it—often falls victim to confusion. Therefore, there will be separate phases of this trial on the liability issue as to the trade secret claims in the TMIS complaint; the liability issue as to the GBP counterclaims for State and Federal antitrust violations; and on the issue of damages for whatever liability is found in either or both of the first two phases.

Although there will be separate phases, there will be but a brief hiatus between the trade secret phase and the antitrust and damages phases. The trial on the antitrust counterclaims will commence approximately 60 days after completion of the trade secret liability phase. The issue of damages on findings of liability in either or both of the first two phases will commence immediately after completion of the antitrust phase. If the antitrust phase is not necessary, damages will be determined soon after the trade secret phase is completed.

It appears that the discovery to date, and the contemplated discovery, has been directed to all liability

and damage questions which could conceivably be tried in any of the three phases. The court does not, therefore, see any substantial need to stay discovery on any of the issues.

DISCOVERY MATTERS

The file in this action is littered with discovery disputes that have been repeatedly placed in the lap of the court over the two-year history of this action.

There is pending (1) plaintiff's F.R.C.P. 26(c) motion for protective order, (2) defendant's F.R.C.P. 37 (b) motion to dismiss, and (3) defendant's motion to compel plaintiff to comply with protective order.

The court is greatly concerned by the conduct revealed in the first two motions. These motions are related and center on the sufficiency of the plaintiff's responses to defendant's First Set of Interrogatories served July 5, 1978. In particular, the dispute focuses on the sufficiency of the plaintiff's response to Interrogatory #1(h), requesting that the plaintiff state precisely how each of the alleged trade secrets differs from information and techniques generally known or used in the trade. Several court orders and conferences have failed to impress upon counsel for both sides that they are to make reasonable and good faith efforts to resolve this dispute once and for all. The unreasonable bad faith conduct is clearly evidenced by the answers to Interrogatory #1(h) which have been provided by plaintiff, and the conduct of counsel resulting in the last-minute cancellation of the July 25, 1979 depositions of Mr. David Wylie and Mr. Wayne Freeberg.

Mr. Freeberg had flown to Santa Clara, California from New York specifically to be deposed. Shortly after his arrival, he was informed by counsel that the depositions had been cancelled. The cancellation resulted when defense counsel refused to proceed with depositions because of their dissatisfaction over the most recent re-

sponses of the plaintiff to Interrogatory #1(h). Mr. Freeberg incurred expenses for air travel, hotel, and meals, as well as an estimated loss of 10 hours of business time. He seeks $935 in compensation. Mr. Wylie simply seeks certain restraints on any future discovery to be taken of him.

In its last attempt to adequately answer Interrogatory #1(h), the court directs plaintiff's counsel to the controlling law in this case, as set out by the Wisconsin Supreme Court in *Abbott Laboratories, supra* at 456-7 and 463-4; *Restatement, 4 Torts,* p. 5, § 757b. If the court is convinced from proof submitted at trial that plaintiff's response to Interrogatory #1(h) pursuant to today's order is still inadequate, appropriate sanctions will be considered at that time. Basically, as to those trade secrets which TMIS will attempt to prove at trial were violated, plaintiff must answer specifically why this material is claimed to be "secret" in this particular industry. Much more than the basically conclusory response to 1(h) now on record will be expected.

The court finds counsel for both sides to be equally at fault for the inconvenience and expense incurred by the deponents Wylie and Freeberg. Mr. Freeberg will be reimbursed for his losses of $935. Although not specifically requested, the court will also order an award of $200 to Mr. Wylie for his inconvenience in setting aside a day for attending the abortive deposition. Since reasonableness and good faith appear to have been absent on both sides of the fence, counsel for both plaintiff and defendant will be responsible for payment to Messrs. Wylie and Freeberg. Since local counsel did not appear to play a substantial part in the conduct of these particular depositions, they will not be held responsible. Only those counsel, and their firms, directly involved in the taking of these July 25, 1979 depositions of Wylie and Freeberg will be required to pay. Counsel for the defense and for plaintiff, therefore, are equally responsible for payment of a total sum of $1,135.00 to Messrs. Wylie and Freeberg as pro-

vided above. Payment shall be made within 20 days of the date of this order. Further, in line with the request of Mr. Wylie, he shall, in the future, be given 30 days advance notice of the date and time of any deposition to be taken of him, and he will not be required to travel more than 150 miles from Santa Clara, California.

Finally, the defendants have moved to compel plaintiff to comply with a stipulated protective order entered September 20, 1978. The problem arises from the defense attempt to disclose confidential information to its expert witness, one Howard E. Abrahamson.

The protective order authorizes the disclosure of this information to Mr. Abrahamson, since he has been designated an "expert" pursuant to ¶3(b) of the order. The plaintiff objects to such disclosure on the ground that Mr. Abrahamson is actively involved in the management of developmental activities at Fairfield Community Hospital in Minneapolis, Minnesota. In that capacity, he is involved in the developing and marketing of systems competitive to the TMIS system. The plaintiff considers Abrahamson to be a "third party competitor" of TMIS.

The court appreciates the concern of TMIS that important secret information might be released to a competitor. However, Mr. Abrahamson has agreed to be bound by the terms of the protective order before receiving any confidential information. The court will not assume that he will breach his agreement and misuse the information. In addition, Mr. Abrahamson appears to be a witness of substantial importance to defendants in presenting their case. Therefore, defense counsel will be allowed to disclose the confidential information to Mr. Abrahamson.

Resort to this court for resolution of any further discovery disagreements will only be permitted upon certification of counsel that a good faith effort to resolve the dispute informally has been made. If such a

certification is made, counsel must then identify the positions of the parties so that the court, in resolving the dispute, can determine who is being unreasonable, and thereby assess appropriate sanctions against the party whom the court deems to be most at fault.

Therefore, IT IS ORDERED THAT:

The motion of defendants for summary judgment is granted as to Count VII, the common law copyright claim. As to the remaining Counts, the motion for summary judgment is denied.

The motions for separate trials on the antitrust counterclaims and on the issue of damages are granted in the manner provided above. The request for a stay of discovery on these issues is denied.

The motion of defendants to dismiss pursuant to Rule 37(b) is denied.

The motion of plaintiff for a protective order pursuant to Rule 26(c) is granted in the manner provided above.

The motion of defendants to compel plaintiff to comply with the protective order is granted.

As to any future discovery disputes, counsel are to comply with the certification process provided above.

Dated at Milwaukee, Wisconsin, this 9th day of September, 1980.

BY THE COURT:

/s/ Terence T. Evans

Terence T. Evans
United States District Judge